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September 17, 2002

TO INTERESTED PARTIES:

GUIDELINES FOR THE ASSESSMENT OF BILLBOARD PROPERTIES

At the September 11, 2002, meeting of the Board's Property Tax Committee, staff presented a status report on the project to develop guidelines for the assessment of billboard properties. The following day the Board formally adopted the committee's recommendation to direct staff to hold a meeting of interested parties this month.

The interested parties meeting is scheduled for **Friday, September 27, 2002**, at 9:30 a.m. in Room 122 of the Board's headquarters building in Sacramento. At the meeting staff, industry, and assessors will discuss staff's attached draft guidelines. Because of the compressed time frame, interested parties will have only until Monday, September 23, 2002, to submit proposed changes to the draft. Such proposed changes must be in the form of alternative text, shown in strikeout-and-underline format. Proposed changes received by the September 23 deadline will be incorporated by staff into a matrix, which will be posted to the Board's website by September 26, 2002.

After the September 27 meeting, any unresolved issues will be detailed in an issue paper prepared by staff. Interested parties will have until October 4 to submit final comments to staff on pending issues. The issue paper will be discussed at the Board's Property Tax Committee meeting on November 12, 2002.

If you have questions or comments regarding the guidelines, please contact Mr. Paul Lane at (916) 324-5828, paul.lane@boe.ca.gov. The draft guidelines and all other staff documents regarding this project can be accessed from the Board's website by way of the following links: 1) Property Taxes, 2) Property Tax Committee Work Plans, and 3) Property Tax Committee Work Plans 2002.

Sincerely,

Dean R. Kinnee, Chief
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DRK:mn

GUIDELINES FOR THE ASSESSMENT OF BILLBOARD PROPERTIES

INTRODUCTION

Assessing billboards presents an unusual combination of problems. Several distinct interests typically exist in the underlying land; an operator must possess one or more special permits or licenses; sales of individual billboards rarely occur; since billboards are almost always owner-operated, rental data is usually unavailable; operating income, though available, is typically generated not by a single billboard, but by a grouping of them; finally, some of that operating income may be attributable to intangible assets or rights that relate not to taxable property, but rather to the billboard operator's business.

The discussion that follows represents an effort to sort through these problems and offer guidelines that will lead to the fair and uniform assessment of billboards.

BACKGROUND

Billboards vs. on-premise signs. The term "billboard" refers to an outdoor advertising sign that is away from the location of the advertiser's business operation. Thus, a billboard is considered an "off-premise sign" as contrasted with an "on-premise sign," which is usually valued together with buildings or other improvements located at the same site. Billboards differ from on-premise signs in the following respects:

- Billboards display advertising for products or services not available at the billboard's site; on-premise signs display advertising related to a business that is at the same location as the sign.
- Most billboards are constructed in standard sizes and configurations, designed to display advertising for a variety of businesses; on-premise signs are nonstandardized and designed for specific businesses.
- Display space on a billboard is typically "sold" to an advertiser who wishes its message to be seen by a certain demographic group; the display of an on-premise sign is dedicated to the business where the sign is located.
- Typically, billboards are constructed and owned by a billboard company (i.e., a company in the business of selling advertising space on billboards) that holds a leasehold interest in the billboard site; on-premise signs are constructed and owned by the same entity that owns the site.
- Most highway signage is of the billboard type. Most street signage is of the on-premise type, although billboards are sometimes placed along arterial streets.

Property description. A billboard is essentially a frame supported by a pole (or poles), to which a display panel is attached on one or both sides. Sometimes a billboard is mounted to a building or other structure rather than being free standing. Almost all newly constructed billboards are made of steel and are designed to modern engineering standards. They are structurally secured to the land on a permanent foundation.

Billboards come in four standard configurations: "juniors" (standard panel size 6 x 12 feet); "posters" (standard panel size 12 x 25 feet); "bulletins" (standard panel size 14 x 48 feet, sometimes slightly smaller); and "spectaculars" (billboards built to order, with unique shapes and features, typically as large or larger than bulletins).

The billboard site—that is, the land on which the billboard is situated—is generally limited to an area large enough to accommodate the billboard's foundation and to allow for service and maintenance of the billboard. As noted above, the billboard owner generally holds a leasehold interest in the billboard site; fee simple ownership in the billboard site is usually held by an unrelated party that owns the land contiguous to the billboard site. [1]

Classification. Property Tax Rule 124 classifies signs, including signs on separate supports, as improvements. Subdivision (c) of Revenue and Taxation Code section 104 defines "real estate," or "real property," as including improvements. Thus, a billboard, as a type of sign and therefore an improvement, is properly classified as real property.

Property Tax Rule 122.5 defines a fixture as "an item of tangible property, the nature of which was originally personalty, but which is classified as realty for property tax purposes because it is physically or constructively annexed to realty with the intent that it remain annexed indefinitely." A billboard meets this definition; hence, under California property tax law a billboard is a fixture, a type of real property.

Billboard Companies. Almost all billboards are owned by billboard companies, which offer display space on billboards to advertisers for a fee. The companies also place and remove the advertisements. Although billboard companies may also design and produce the advertising copy, this is usually done by the advertiser.

Advertising space is often sold for a group of billboards rather than for a single billboard. These group sales are called "showings." For example, an advertiser might purchase a showing that involves advertising space on a specified group of 30 billboard faces within a given metropolitan area for 3 months. Billboard companies know approximately how

[1] For purposes of this discussion, the terms "billboard" and "billboard improvement" refer to the physical improvement (i.e., the sign only); "leasehold interest" refers to the billboard company's interest in the billboard site; and "use permits" means the governmental permits that authorize the use of a site for a billboard. Collectively, these three elements constitute the "billboard property."

many people see each of their billboards each day and the general demographic attributes of these people. Based on this information, the companies are able to configure their billboard inventories into showings that provide a specified level of advertising exposure for various advertisers' target markets.

Billboard companies also develop new billboard properties. A company identifies desirable sites; gains control of the sites through lease agreements; obtains government approvals to erect the billboards; finances and manages construction; and, finally, adds newly developed billboards to its inventory of display space. In carrying out these activities, a billboard company is engaging in a specialized form of real estate development.

A billboard company's holdings of billboard properties is called its "plant." The plant does not include offices, shop facilities, or equipment owned by the billboard company and associated with its operations. By definition, "plant" refers only to a billboard company's inventory of billboard properties.

Appraisal Unit. The concept of appraisal unit refers to the nature and extent of the property being valued. For property tax purposes, unless the law specifically provides otherwise, the appraisal unit is the unit of property commonly bought and sold; thus, the appraisal unit is market-determined.[2]

Each billboard property is composed of the following elements:

1. The billboard improvement, which is the physical improvement on which advertisements are displayed.

2. The leasehold interest in the billboard site. (As noted above, the appraisal unit typically does not include the fee interest in the billboard site. The owner of the billboard property must pay ground rent to the fee owner of the billboard site.)

3. The billboard use permit (or permits), which authorizes the billboard use on the billboard site.

As noted above, billboard advertising is typically purchased for a grouping of billboards rather than for a single billboard. Similarly, billboard properties themselves often sell in groups.

Treatment of Billboard Use Permits. Typically, two use permits are required for a billboard property. One use permit is required by the local jurisdiction—that is, by the

[2] Property Tax Rule 324 defines "appraisal unit" as "a collection of assets that functions together, and that persons in the marketplace commonly buy and sell as a single unit or that is normally valued in the marketplace separately from other property, or that is specifically designated as such by law." Revenue and Taxation Code section 51 defines "real property" as "[t]hat appraisal unit that persons in the marketplace commonly buy and sell as a unit, or that is normally valued separately."

city or county where the billboard property is located. If the placement of the billboard falls under the regulation of the Outdoor Advertising Act, a second use permit (an "advertising display permit") is required by the California Department of Transportation (CalTrans). The use permit from the local jurisdiction is often the more difficult one to obtain, particularly in urban areas.

Many local jurisdictions want fewer, not more, billboards, and in recent years these jurisdictions have allowed the development of few, if any, new billboard properties. A relatively fixed supply coupled with increased demand has resulted in increases in the values of existing billboard properties. Thus, the tightening regulatory environment for billboards in recent years means that a significant portion of the value of a typical billboard property is attributable to the legal entitlement to develop and operate a billboard property, that is, to the billboard use permits.

These billboard use permits issued by government are properly characterized as intangible assets or rights. It is well settled that intangible assets and rights are not themselves taxable. Inasmuch as the sole purpose of obtaining a billboard use permit is to gain authorization for a specific land use at a specific geographic location, however, a billboard property must be assessed and valued assuming the presence of the permit.[3] In economic terms this means that, in the current regulatory environment, the assessment of a billboard property should reflect the shrunken supply of authorized billboard sites.

Treatment of Intangible Assets and Rights—Enterprise Value. The value of intangible assets or rights associated with a business operation (i.e., those that give rise to enterprise value)[4] may not be reflected in the value of taxable property. The purchase price of a billboard property (or group of billboard properties) and the advertising income received by a billboard company may reflect a component of enterprise value. Any enterprise value component must be excluded from the final value indicator for a billboard property or group of billboard properties. In the comparative sales approach, the enterprise value is directly removed from the sale prices of the subject and comparable properties. In the income approach, the appraiser must exclude any enterprise value from the income to be capitalized.

VALUATION

Any of the three generally accepted approaches to value can be used to value a billboard property or a group of billboard properties. Discussed briefly below are the comparative

[3] See AH 502, pp. 154-155.

[4] "'Enterprise value' is a broad concept that often encompasses all elements that give value to a business operation over and above the value of the tangible assets of a business organization. Trade names, logos, systems of operations, advertising, customer and distribution relationships, and work force are all components of enterprise value that create value separate and apart from any value inherent in the tangible assets." [AH 502, p. 156.]

sales approach (using effective gross income multipliers, or "EGIMs"); direct capitalization using a sales-derived overall capitalization rate; and the cost approach.[5]

COMPARATIVE SALES APPROACH—EFFECTIVE GROSS INCOME MULTIPLIER METHOD

In the comparative sales approach, a value indicator is developed by comparing one or more comparable properties to the subject property and adjusting the sales prices of the comparable properties for differences between them and the subject property. This type of analysis is also called direct sales comparison. As discussed earlier, billboard properties often sell as a group, and sales data relating to individual billboard properties are limited. This makes it difficult to apply a direct sales comparison analysis to billboard properties.

In a variant of the comparative sales approach, the subject and comparable properties are compared based on a standard unit, with comparable sales prices expressed in terms of the unit. Such a unit is called a "unit of comparison." Units of comparison are often based on a physical component (e.g., sale price per square foot, sale price per room) but may also be based on the income a property produces—that is, the comparable property's sale price can be divided by its annual income to derive a unit of comparison.

When the unit of comparison is based on annual income, the analysis is called income multiplier analysis. Income multiplier analysis can and is used to value many types of real estate. The method's fundamental assumption is that the subject and comparable properties should sell at similar ratios, or multiples, of annual income. In theory, a multiplier could be based on any level of income, but usually it is based on either the annual gross income or the annual effective gross income.[6]

When this method is used to value billboard properties, it is called the effective gross income multiplier (EGIM) method. To derive the income multiplier, the sale price of a comparable billboard property is converted into a multiple of its annual effective gross advertising income (gross advertising income less allowances for vacancy [periods when the billboard space is not rented] and advertising agency commissions). The derived multiplier is then multiplied by the subject billboard property's annual effective gross income to generate a value indicator. Typically, multipliers are derived and applied using the expected income for the year following the sale.

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[5] For additional information concerning the approaches to value generally, see AH 501, AH502, or a general appraisal text. For specific information about the valuation of billboard properties, see Paul Wright and Jeffrey Wright, *Billboard Appraisal: The Valuation of Off-Premise Advertising Signs* (n.p.: American Society of Appraisers, 2001); and Donald T. Sutte, *The Appraisal of Outdoor Advertising Signs* (Chicago: Appraisal Institute, 1994).

[6] The income multiplier method is sometimes classified under the comparative sales approach and sometimes under the income approach. Under California law, it is sanctioned in Rule 8, subsection (h), as part of the income approach.

The EGIM method is well suited to the grouped income and sales data often found with billboard properties. In the billboard industry, a typical sale might include hundreds of billboard properties, with a single reported sale price for the entire group. The appraiser can derive an effective gross income multiplier from such a sale by dividing the aggregate effective gross advertising income for all of the billboard properties in the sale into the sale price. The result is an average effective gross income multiplier for the sale group that can be used to value another comparable group of billboard properties for which sales data may not be available. The estimated value for the group being appraised can be allocated to the separate billboard properties in the group using a generally accepted measure of productivity for a billboard property such as average Daily Effective Circulation (DEC).[7] An income multiplier derived from a group sale can also be adjusted such that it can be applied to an individual billboard property.

The derived income multiplier should be based on the taxable value of the billboard property (or properties) only. Thus, when deriving an income multiplier the following adjustments should be made to the reported sale price, as applicable:

- Convert any noncash consideration accepted by the seller as all or part of the purchase price to its cash equivalent amount.
- Remove the estimated value of any real property included in the sale that is not part of the billboard plant (i.e., billboard properties) from the reported sale price (e.g., an office building or shop/maintenance facility).
- Remove the estimated value of any personal property included in the sale from the reported sale price (e.g., equipment, furnishings, automobiles).
- Remove the estimated value of any intangible assets or rights (i.e., enterprise value) included in the sale from the reported sale price.

INCOME APPROACH—DIRECT CAPITALIZATION

Capitalizing Operating versus Rental Income. Rental income is income received for the use of real (or personal) property. Operating, or business, income is income received from the operation of a business. Under Property Tax Rule 8, rental income is preferred to operating income when estimating the income to be capitalized. Rental income is directly attributable to the use of taxable real (or personal) property; operating income, by contrast, may be attributable, in part, to nontaxable intangible assets and rights relating to a business.

For some types of property, rental income is either not available or cannot be reliably estimated. In such cases, operating income may provide a basis for estimating the value of the taxable property. Rule 8 provides, however, that when operating income *is* used,

[7] Daily Effective Circulation (DEC) is a statistical measurement of a billboard's traffic volume, or exposure. The Traffic Audit Bureau provides independent, audited DEC information for all billboards entered into its system. The information is used by both billboard companies and advertisers.

the portion of the operating income that is not attributable to taxable property must be excluded from the income that is capitalized into a value indicator for the taxable property.

Depending on the nature of the business, operating income may derive largely from the use of taxable property (e.g., the "business" of operating apartment rentals), from enterprise activity (e.g., a law practice), or from a combination of the two (e.g., a well-located restaurant operated under a successful franchise). Although not explicit in Rule 8, a reasonable inference is that, if a large part of the operating income is attributable to enterprise activity or other nontaxable sources, the use of operating income is not appropriate.

In essence, a billboard property is a type of income-producing real estate designed and used to display information that is visible to motorists or (to a lesser extent) pedestrians. What advertisers pay for, primarily, is the right to display their messages at places where they will be seen by a large number of people each day. The number of people that see a given billboard each day depends entirely on its location; no amount of marketing acumen or enterprise activity can affect this. Thus, a large part of the operating (advertising) income of a billboard property is attributable to the use of real property, and the capitalized operating income of a billboard property may therefore form the basis of a valid estimate of the taxable value of a billboard property.

Notwithstanding the above, *some* portion of the total operating income of a billboard property may be attributable to enterprise activity or nontaxable sources. This portion of the total operating income must be estimated and excluded from the income to be capitalized.

Income and Expenses—Billboard Properties. The general structure of income and expenses for a billboard property, or a group of billboard properties, is similar to that of conventional income-producing real estate. As with other property, the income to be capitalized (i.e., the "net return") should be determined according to Property Tax Rule 8.

The relevant levels of income in the valuation of a billboard property can be summarized as follows. The potential gross income of a billboard property is the income that the property would produce if it generated advertising income one hundred percent of the time. Potential gross income minus vacancy and collection loss (i.e., the period when the property produces no income or for which the income cannot be collected) and advertising commissions (i.e., commissions paid by a billboard company to advertising agencies) equals the effective gross income, which is the level of income used in the EGIM method considered above. The effective gross income minus operating expenses (those expenses necessary to generate and maintain the effective gross income) equals the net operating income (or the "net income before interest and recapture"), which is the level of income that is capitalized in direct capitalization.

A typical billboard property incurs operating expenses related to the following: management; maintenance and repair of the billboard property; installation and removal of advertising copy from billboards; utilities; insurance; property taxes; and ground rent to the fee owner of the billboard site. The ground rent for the billboard site is typically the largest single expense, followed by management expense. In some cases, a billboard company provides services related to the design and production of the displayed advertising copy. Income derived from these activities should be excluded from the income that is capitalized.

Direct Capitalization. In direct capitalization, a capitalization rate ("overall rate") is derived from one or more comparable sale properties by dividing each comparable property's anticipated net operating income by its sale price. The overall rate thus derived is divided into the expected net operating income of the subject property to generate a value indicator.

As with an EGIM, an overall capitalization rate can be derived from a sale of an individual billboard property or from a sale of a group of billboard properties and applied to a subject billboard property or to a subject group of billboard properties to generate a value indicator. Again, the value indicator for a group of billboard properties can be allocated to the separate properties within the group using a generally accepted measure of a billboard property's utility, such as Daily Effective Circulation.

COST APPROACH

General. In the cost approach, the appraiser adds the estimated value of the subject property's land, or site, to the estimated cost of replacing the subject property's improvements, less an allowance for the estimated depreciation incurred by the improvements. Applying the cost approach to a billboard property requires the following:

1. Estimate the cost new of constructing and siting the billboard improvement.
2. Estimate the depreciation incurred by the billboard improvement.
3. Subtract the estimated depreciation from the cost new to arrive at the depreciated cost of the billboard improvement.
4. Estimate the value of the leasehold interest in the billboard site held by the billboard company.
5. Add the value of the leasehold interest in the billboard site to the cost new less depreciation of the billboard improvement to arrive at a value indicator for the billboard property.

Cost New. If the subject billboard improvement meets current industry standards, the appropriate cost concept is reproduction cost; otherwise, replacement cost should be used (i.e., the subject billboard would not be reproduced, rather it would be replaced with billboard of equivalent utility). In either case, the estimated cost new should reflect the full economic cost of creating the substitute billboard improvement, comprising direct ("hard") costs, indirect ("soft") costs, and entrepreneurial profit. In generic terms, the components of full economic cost for billboard improvements mirror those for conventional real estate improvements.[8] Unfortunately, at present there is no authoritative, published source of current cost data for billboard improvements. The best source of current costs may be from billboard contractors—that is, from businesses that construct billboard improvements.

Depreciation. Like other types of improvements, billboards are subject to three forms of depreciation, or loss in value: physical deterioration, functional obsolescence, and external obsolescence. Physical deterioration is due to a property's physical deterioration. It is "curable" if the cost to cure (i.e., repair) the defect is less than or equal to the value added by curing it; it is "incurable" if the cost to cure is less than the value added. Typically, billboards show little physical deterioration—curable or incurable. Billboard improvements are generally well maintained and, in general, do not contain components subject to incurable physical deterioration.

Functional obsolescence results from a property's decrease in "desirability"—that is, its capacity to perform the function for which it was designed. It is caused by changing preferences of market participants or by an original design that market participants no longer accept. Functional obsolescence can also be curable or incurable. With billboard improvements, most curable defects are quickly corrected; if significant incurable defects do exist, the billboard improvement is generally replaced. Thus, most standing billboards show little functional obsolescence.

External obsolescence is caused by negative influences external to the subject property. It results from adverse changes in general business conditions or from specific, adverse locational factors related to the subject property. In general, external obsolescence is considered incurable because no conceivable action by the property owner can correct the problem. With a billboard property, external obsolescence is manifested by a reduction in the property's capacity to generate income. For example, recessionary business conditions decrease the demand for billboard advertising and hence the income to billboard properties. Or, an adverse change in traffic pattern can reduce the exposure of a billboard and hence its capacity to generate income.

A billboard improvement's total depreciation is the sum of estimated amounts for all three types of depreciation. In practice, depreciation is typically estimated using age-life tables and not by separately estimating each element of depreciation. Given a type of property and an expected economic life, an age-life table presents depreciation as a function of a property's chronological age.

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[8] See AH 502, Chapter 2.

Land Value. In most applications of the cost approach, the depreciated cost of the subject improvements is added to the estimated value of the full fee simple interest in the land or site. This is because the appraisal unit typically includes the full fee interest in the land or site—in other words, the full fee interest is part of what is being valued.

With a billboard property, however, only the leasehold interest in the billboard site (the interest in land held by the billboard company) is included in the appraisal unit, not the full fee simple interest. Thus, technically, when applying the cost approach to a billboard property, only the estimated value of the leasehold interest in the billboard site should be added to the depreciated cost of the billboard improvement.

This value can be extracted from the indicated (i.e., known) value of a comparable billboard property. The difference between the total taxable value of the comparable billboard property and the depreciated cost of the comparable billboard improvement is an indicator of the value of the leasehold interest in the comparable billboard site. This value can also be used as an indicator of the value of the leasehold interest in the subject billboard site.

The cost approach is particularly appropriate in the valuation of a newly constructed billboard improvement, that is, in a circumstance that does not involve a change in ownership. In this circumstance, only the billboard improvement is being valued, and the cost new less depreciation of the billboard improvement provides a reliable indicator of its value.

ALLOCATING THE VALUE OF THE BILLBOARD PROPERTY BETWEEN LAND AND IMPROVEMENTS

The indicated taxable value of the billboard property must be allocated between land and improvements. Here is the recommended method of allocation:

1. Estimate the value of the billboard improvement based on its cost new less depreciation. Allocate this value to improvements.

2. Subtract the value allocated to the billboard improvement from the estimated value of the billboard property. Allocate this remaining value to land.

The rationale for this allocation method is essentially as follows. If a billboard improvement were destroyed, the owner of the billboard property would have the right to reconstruct the billboard improvement on the same site, but not at any other site. Thus, the value of the billboard property in excess of the cost new less depreciation of the billboard improvement relates to the leasehold interest in the billboard site.

This method of allocation is also consistent with a billboard improvement's classification as a fixture and its resulting status as a separate appraisal unit.[9] As a separate appraisal unit, the billboard improvement should be valued separately.

However, whether the value allocated to the leasehold interest in the billboard site may be assessed depends upon whether a sale or transfer of the billboard property has occurred, constituting a change in ownership of the billboard site. This is discussed in the following section.

ARTICLE XIII A AND CHANGE IN OWNERSHIP

The assessment of a billboard property is subject to article XIII A of the California Constitution, which states that property may be reassessed only upon a change in ownership or when newly constructed. Thus, when a billboard property is sold, the portion of the value of the billboard property allocated to the leasehold interest in the billboard site is subject to reassessment only if there has been a change in ownership of the billboard site.[10]

Under the provisions of subdivision (c)(1) of Revenue and Taxation Code section 61 and Property Tax Rule 462.100, subdivisions (a)(1) and (a)(2), such a change in ownership occurs if there has been any of the following:

1. The creation, transfer, sublease, or assignment of a leasehold interest in a billboard site (i.e., the interest of the billboard company/ground lessee) if the leasehold interest has a remaining term of 35 years or more; or

2. The termination of a leasehold interest in a billboard site (i.e., the interest of the billboard company/ground lessee) if the leasehold interest had an original term of 35 years or more; or

3. The transfer of the lessor's interest (i.e., the fee interest of the landowner in the ground/billboard site) if the leasehold interest has a remaining term of less than 35 years.

While there are two interests in the billboard site, there is only one land assessment. The value of both interests in the billboard site should be assessed to the fee interest in land.

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[9]See subsection (e) of Property Tax Rule 461.

[10] A billboard property involves two interests in land, that is, in the billboard site: (1) the leased fee interest of the ground lessor (the landowner's interest) and (2) the leasehold interest of the ground lessee (i.e., the billboard company's interest). (As noted, the first interest is not part of the billboard property, but the second is.)

Further, only if the billboard company's leasehold interest is subject to reassessment as discussed above should a separate base year value be established and tracked for that interest; in any case, a separate land *assessment* should not be created for the billboard company's leasehold interest in the billboard site.

REPORTING REQUIREMENTS RELATING TO BILLBOARD PROPERTIES

Market and cost data relating to the value of billboard properties may be difficult to obtain. Billboard companies themselves are probably the best source of such information. Accordingly, assessors may rely upon the same authorities for gathering relevant assessment data about billboard properties as is relied upon on for other types of property.

Such authorities include the general requirement, under section 441 of the Revenue and Taxation Code, that persons make available to the assessor information or records regarding his or her property. This requirement imposes upon the owner the duty of providing the assessor, upon request, details of property acquisition transactions, construction and development costs, rental income, and other data relevant to the determination of an estimate of value. Moreover, subdivision (a) of section 441 specifically provides that "[e]very person owning personal property…or real property shall, upon request of the assessor, file a signed property statement."

With respect to billboard properties, assessees must timely file the property statement (form 571L) showing all taxable billboard property, including its location and description, that is owned, claimed, possessed, controlled, or managed by the company. In compliance with section 441, the information should include, for example, detailed income data about various "showings;" construction costs; the specific terms of ground leases; and the location of each billboard owned. Moreover, in order for an assessor to accurately estimate the amount of any enterprise value associated with a billboard property, assessees should be prepared to document costs or income amounts attributable to nontaxable sources, including those primarily related to intangible assets or rights associated with their business operations.[11]

[11] The property statement may be required by the assessor whether or not the taxable property is valued at $100,000 or more. In compliance with section 451, the information on the property statement is confidential.